

TENNESSEE PUBLIC SERVICE COMMISSION

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June 28, 1995

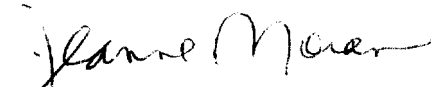
Mr. William F. Caton, Acting Secretary
Office of the Secretary
Federal Communications Commission
Washington, D.C. 20554

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Dear Mr. Caton:

Attached you will find an original and nine copies of comments submitted by the Tennessee Public Service Commission in the Matter of End User Common Line Charges (CC Docket No. 95-72).

Sincerely,


Jeanne Moran, Esquire
General Counsel

Enclosures

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**Before the
Federal Communications Commission
Washington, D.C. 20554**

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In the Matter of

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CC Docket No. 95-72

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**End User Common Line
Charges**

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**Comments of the
Tennessee Public Service Commission
460 James Robertson Parkway
Nashville, TN 37243-0505**

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INTRODUCTION

The Tennessee Public Service Commission (TPSC) is a statutory body created by the Tennessee General Assembly to regulate investor-owned, for-profit local exchange telecommunications companies.

Since 1990, the TPSC has required regulated local exchange telecommunications companies to deploy certain advanced telecommunications technologies into their public switched networks. These deployment requirements are detailed in *FYI Tennessee*, the Commission's ten-year technology master plan. Statewide deployment of the Integrated Services Digital Network (ISDN) is a large part of *FYI Tennessee*. Completion dates for ISDN deployment are established for every telephone central office in the state, even those serving the most rural communities. As of December 31, 1994, ISDN was available to 69% of Tennessee's 2.7 million access lines.

The ambitious goal of the *FYI Tennessee* plan is to enhance the quality of life of Tennesseans by having a state-of-the-art public switched network available at affordable prices, in every county in the state, which will expand educational opportunities and accentuate economic development efforts.

The TPSC is greatly concerned that a per-channel assessment of the subscriber line charge (SLC) to potential customers of basic rate ISDN will threaten widespread acceptance by ratepayers.

In publishing a Notice of Proposed Rulemaking for CC Docket No. 95-72, the FCC seeks comments regarding two aspects of the assessment of SLCs: Analytical Framework and Options. The TPSC wishes to briefly comment on both aspects.

COMMENTS

I. Analytical Framework

The TPSC agrees that the FCC should “be careful to avoid erecting regulatory barriers to the development of beneficial new technologies”. ISDN, while not new, is a beneficial technology. It is an international standard which is witnessing explosive deployment across the United States.

Consumer products that utilize ISDN are becoming mass marketed. It is unique in that it uses the same copper connection that is used for plain old telephone service (POTS). It is different from POTS because it completes the evolution of the public switch network from analog to digital technology.

SLCs were originally developed in order to recover local exchange company costs from residential and business end users of interexchange carrier services. The SLC was associated with each physical copper connection. Digital technology allows for the channelization of these individual copper connections.

This was not a consideration at the time the SLC was developed. The only thing that has changed is the capability of the copper connection. It remains, however, the same copper wire used before ISDN. And therefore the SLC should continue to be associated with the single copper connection. Imposing it on individual channels is not necessary and will discourage customer acceptance. The digital modernization costs should be considered as a normal part of network evolution, and therefore extra SLCs should not be justified because of such upgrades.

II. Options

The FCC noted several options ranging from continuing the current rule of assessing a SLC based on channelization to offering a formula for basing SLC costs on local exchange carrier costs to provide a channelized service. While both options have merit, they put the service at risk by increasing its price and discouraging potential users. As a natural network upgrade, costs for deploying ISDN should be considered a normal part of the cost of doing business. Costs for such expenditures are routinely recovered from rates charged for basic telephone service.

The SLC has never been used to recover costs for normal network upgrades. As noted in the Notice of Proposed Rulemaking for this matter, SLCs were designed by the FCC as a system of recovering LEC costs "associated with the origination and termination of interstate calls." Telephone companies have every right to recover such costs. However it would confuse the purpose of the SLC to utilize it to recover costs associated with routine network upgrades, such as ISDN.

Therefore, the TPSC recommends that the FCC require customers to pay one SLC for each physical copper connection serving a given customer. As noted by the FCC in its notice of rulemaking in this matter, this option provides for recovery of general "loop costs imposed on the network by the customer", while

allowing residential and business customers improved access to the National Information Infrastructure (NII) at lower charges than are required under the current rule.

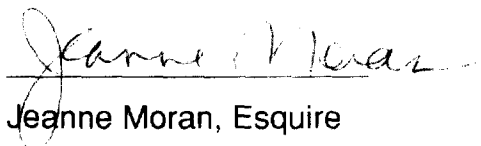
CONCLUSION

The Tennessee Public Service Commission respectfully recommends to the Federal Communications Commission that subscriber line charges be assessed on each physical copper connections, and not on channels derived from the physical copper connections.

While ISDN is not a new technology, it is just now beginning to gain widespread use by telephone customers. As the last piece of the network to become digital, it should be viewed as technological improvement to be utilized for the benefit of all ratepayers.

Removing the added SLC charges to the extra channels derived from a basic rate interface ISDN line will allow ratepayers an unimpeded, and more affordable all-digital access ramp to the Information Superhighway.

Respectfully submitted by:



Jeanne Moran, Esquire
General Counsel

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June 28, 1995